D.B. CIVIL SPECIAL APPEAL (W) NO. 915/2006

Date of order : 11.09.2007

HON'BLE MR. RAJESH BALIA, J.
HON'BLE MR. SANGEET LODHA, J.

Mr. L.R. Mehta]
Mr. D.R. Ashok Soni]
Mr. Dinesh Mehta, for the appellant.
Mr. Mahesh Thanvi, for the respondents.

Learned counsel for the respondent raised a preliminary objection that this appeal is not maintainable.

We are of the opinion that for deciding this appeal the preliminary objection is not required to be gone into.

The proceedings before us arise out of a suit filed by the petitioner for infringement of the trademark and copyright allegedly held by the appellant-plaintiff and for passing of the goods.

Appellant-plaintiff holds:-

1. Copyright Registration No. A68788/2005 in title of work described as Sona-Sikka, in the format annexed with said certificate.
2. Trademark No. 464440 dated 10.12.1986 renewed from time to time upto 27.12.2007 in respect of edible oil

manufactured by the petitioner and marketed under trade name Sona Sikka.

Defendant is also engaged in manufacturing and marketing of edible oil. He is alleged to be marketing the same under name Sona, Rajat alleged by under the similar frame of design.

Suit was filled by appellant for infringement of said copyright and trademark seeking permanent injunction to restrain the defendant-respondent from use of copyright in label and trademark and for damages for infringement of copyright and trademark as well as for passing of goods.

The respondent-defendant had moved before the trial court that he intends to move the Authority under the Trademark Act for objecting to the holding of trademark by the plaintiff. Therefore, he asked for stay of the suit. That application was rejected by the trial court, since no proceedings were pending before the registrar or Appellate Board which led to filing of S.B.Civil Writ Petition No. 3954/2006.

After hearing both the counsel for the parties the learned Single Judge passed the following order.

"Order pronounced in the open court.

Admit.

Issue notice to respondent No. 1 only. Further proceedings pending before the trial court shall remain stayed."

Aggrieved with the aforesaid order, this appeal is before us.

While directing the issue of notice the Division Bench passed the following order qualifying the order passed by the learned Single Judge in the following manner.

"Issue notice.

Meanwhile, the stay of the suit proceedings should not affect the hearing and passing of the order on application for temporary injunction pending before the trial court."

Here it will be apposite to notice the scheme of Section 124 of the Trademark Act, 1999. Section 124 is statutory mandate dealing with the stay of the proceedings where validity of trademark is under question, and its scope of operation.

"S.124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.

(1) Where in any suit for infringement of a trade mark-

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (e) of sub-section (2) of section 30 and the plaintiff pleads the in validity or registration of the defendant's trade mark,

the court trying suit (hereinafter referred to as the court), shall,-

(i)if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or

defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable to party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b)(ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issued as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court

shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction, directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit. ”

A perusal of the aforesaid provision clearly indicates where a suit for infringement of trademark is filed by anyone, the stay of proceedings in that suit is governed by Section 124 and not by other provision or general provision of the law. Firstly the mandate has been given to the court

trying the suit that if any proceedings for rectification of the register in relation to the plaintiffs or defendant's trademark are pending before the Registrar or Appellate Board, the trial court shall stay the suit pending the final disposal of such proceedings. Secondly, where no such further proceedings are pending before the Registrar or the Appellate Board, but the defendant wants to raise the plea of the invalidity of register or of the validity of the plaintiff or defendant's trademark and the court is prima facie satisfied about such objection it is mandatory to adjourn the case for a period of three months for enabling the defendant to raise the issue about the invalidity of the trademark before the Appellate Board for rectification of the register. If within such period an objection is raised before the Board, the proceedings of suit are liable to be stayed until proceedings before the Appellate Board is over.

This provision indicates the primacy of the proceedings under the Trade & Merchandise Marks Act to determine the question about the validity or invalidity of the trademark, and until that determination, the proceedings in the civil suit is to remain stayed.

Therefore, if the defendant wanted to raise issue

about the validity of trademark, allegedly held by the plaintiff-appellant the trial court ought to have acted under Section 124 (i). That provision has been given effect to by learned Single Judge, while staying further proceedings before the trial Judge.

However, notwithstanding the stay of proceedings of the suit during the determination of the issue about the validity of Trademark by the authorities under Trademark Act, 1999 Sub-section (5) of Section 124 makes it abundantly clear that the stay of suit for the infringement of the trademark under that Section shall not preclude the court making any order upon application of temporary injunction including any order directing accounts to be kept; appointing receiver or for attachment of property during the period of stay.

It is keeping in view the provision of Sub-section (5) of Section 124 the Division Bench while issuing notice has clarified the position about the effect of interim order passed by the learned Single Judge and nothing more. This being a statutory provision the order passed by the learned Single Judge has to be read in the light of the statute and to effectuate the statutory and not in a manner as to stullify the specific statutory mandate. Therefore, it is

really not a matter of setting aside the order of learned Single Judge directing stay of further proceedings before the trial court but is reading the effect of order. Stay of proceedings before the trial court to be read in accordance with the statutory provisions. In other words, the order of stay proceedings has to be read within the framework of the Statutory provision. The effect of the order of Division Bench dated 18.12.2006 is not contrary to Section 124 (5) and it cannot be read in a manner to nullify the Statutory provision n the manner suggested by learned counsel for the respondent-defendant.

It is further stated that if the defendant wants to raise a plea about the invalidity of the appellant's trademark which he allegedly holds, he had a statutory right to seek the adjournment and consider that adjournment in proceedings in civil suit for enabling him to raise an objection before the competent authority. Once the matter can be said to be pending before the Appellate Board in terms of Section 124 (1) (ii), the proceedings before suit would continue to be stayed in terms of order passed by learned Single Judge but subject to the mandate of Sub-section (5) of Section 124 and that is being made clear by this order. In case no such objection is raised before the Appellate Board within time, the suit cannot be

stayed.

This appeal accordingly stands disposed off with this clarification that there is no impediment before the trial court in proceedings with application for temporary injunction and it must proceed with the same. It cannot withhold itself from considering the temporary injunction application on the ground of pendency of the appeal before this court or pendency of the matter before the authority under the Trademark Act, 1999. Else it will be against the scheme of statute.

This appeal stands disposed off.

No costs.

(SANGEET LODHA)J. **(RAJESH BALIA)J.**

makwana/